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DEPARTMENT FOR E, EAP/MTS, EAP/EP, EEB/IFD/OMA, E/CBA  
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SUBJECT: FIRST COMMERCIAL SUCCESS UNDER CAPE TOWN CONVENTION

REF: 08JAKARTA 2304

On March 3, 2009 national carrier Garuda Airlines announced a USD \$346 million Boeing aircraft capital lease financing deal, the first contract enabled under the Cape Town Convention (CTC). Post's Foreign Commercial Service and Economic Section together with the U.S. Export Import Bank (ExIm) worked extensively with Indonesian parliament and industry representatives to implement the CTC through the civil aviation legislation passed on December 17, 2008 (reftel).

The President of Indonesia signed the bill into law in January. The law with respect to CTC protects creditor interests and allows prompt asset recovery of Indonesian registered aircraft in the case of a non-performing loan. The financing for the Garuda deal is guaranteed by ExIm in cooperation with Dubai Aerospace Enterprises.

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